



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: May 4, 2010

TO: Finance Committee

FROM: Transportation Division, Public Works Department

SUBJECT: Parking And Business Improvement Area Annual Assessment Report, Fiscal Year 2011 - Intention To Levy

RECOMMENDATION:

That the Finance Committee hear the Fiscal Year 2011 Parking and Business Improvement Area (PBIA) Annual Assessment Report.

DISCUSSION:

The governing body of the PBIA requires the preparation and adoption of an annual report describing any proposed changes to the PBIA District's boundaries, benefit zones, business classifications, and method and basis of levying assessments. The annual report must be prepared prior to the beginning of each fiscal year. There are no proposed changes to the PBIA boundaries or benefit zones for Fiscal Year 2011. However, there are proposed changes to the assessment levels.

The Downtown Parking budget is funded primarily by hourly parking revenues and to a lesser extent, by PBIA and permit sales. The PBIA revenues are directed solely towards employee salaries and utility costs in support of the operation of City parking lots. Other revenues derived from hourly parking charges and permits support the balance of expenses.

The PBIA is the assessment mechanism that allows the City to provide affordable parking rates to customers and clients of the downtown area. These funds partially offset the operating and maintenance costs of the 75 minute free period. This 40-year partnership between the downtown business community and the Downtown Parking Program has helped to keep downtown Santa Barbara viable.

Approximately 4.3 million customer transactions were processed last year. Each of those patrons benefited from the free parking period. Last year's business-paid PBIA assessments contributed approximately \$.20 per ticket towards the maintenance costs for providing the free period.

Prior to the start of Fiscal Year 2007, the Downtown Parking Committee (DPC) requested that staff review the current PBIA Assessment to determine if all of the Downtown businesses were being assessed equitably. The City hired Penfield and Smith to conduct a review of all of the assessment categories. Staff worked with an ad-hoc DPC Subcommittee and presented the results of the review with recommended changes to the DPC at their February 2007 meeting. The DPC recommended moving forward with the changes at that meeting. However, the changes were placed on hold following the April 2007 DPC meeting, where the directors of the Lobero and Granada Theaters expressed concern regarding payment of PBIA. Staff conducted an analysis on the impact to parking during events at the theaters and presented the results to the DPC Subcommittee, who recommended a change to the Performing Arts category that was less than the recommendation given in February 2007. Staff has been working with the DPC over the past three years on the PBIA adjustments and the DPC has consistently recommended moving forward with the changes.

The following are the recommended adjustments to the PBIA categories:

- Theaters (Movie) change from \$.08 per \$100 sales to \$.29 per \$100 sales
- Fitness Facilities/Health Club is a new category with the same applied rate of \$.29 per \$100 sales
- Financial Institutions change from \$32.50 per million on deposit on January 1st to \$.48 per useable square foot annually
- Hotels & Motels change new rate and category from exempt to \$67.50 per guest room per quarter or \$270 per guestroom per year (for rooms without assigned parking)

The DPC reviewed the annual PBIA report draft (attached) and the recommended adjustments at their April 8, 2010 meeting, and also recommended that Council approve the annual PBIA Engineer's Report and rates effective July 1, 2010. The annual PBIA report draft will be presented to Council for approval on May 11, 2010. Additionally, although the non-profit performing arts theaters are not included in the PBIA changes, the DPC recommended that the non-profit performing arts theaters be charged at \$.20 for 50% of the seats in the theater per performance. They recommend this change for Fiscal Year 2012, allowing time for theaters to include the PBIA rate into their booking fees for the following season.

BUDGET/FINANCIAL INFORMATION:

The revenue generated from the PBIA is \$840,000 or 12% of the parking budget. If the PBIA Annual Report is not approved, options such as charging for all parking, even the short-term parking, will need to be considered.

Finance Committee Agenda Report

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Intention To Levy

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ATTACHMENT: Draft Parking And Business Improvement Area Annual Assessment
Report, Fiscal Year 2011

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SUBMITTED BY: Christine F. Andersen, Public Works Director

APPROVED BY: City Administrator's Office

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City of Santa Barbara

**Parking and Business
Improvement Area
(PBIA)**

**ANNUAL
ASSESSMENT
REPORT**

Fiscal Year 2011

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INTRODUCTION

This report, filed annually as required by the California Parking and Business Improvement Law of 1989, will provide an explanation of any proposed changes, including, but not limited to the boundaries of the adopted City of Santa Barbara Downtown Parking and Business Improvement Area (PBIA) or any benefit zones within the area, the basis for levying the assessments and any changes in the classifications of businesses.

Santa Barbara's Downtown Parking Management Program operates and maintains seven public parking lots and five structures in the Downtown business core area, providing a total of 3,234 parking spaces. The program is oriented towards clients and shoppers, and is directed by the City's Circulation Element to increase the public parking available and reduce the need for employee parking in the Downtown Core. The reduction of employee parking is supported by Alternative Transportation initiatives to increase carpooling, bicycling, and mass transit programs. The Downtown Parking budget is funded primarily by Hourly Parking Revenues, and to a lesser extent, by the PBIA and parking permits. The PBIA revenues are directed solely towards employee salaries and utility costs in support of the operation of the parking lots. Other revenues derived from Hourly Parking charges and permits support the balance of expenses, including Alternative Transportation programs designed to reduce employee parking in the Downtown Core.

For the purpose of the assessment, the "Amendment To" and the "1999 Final Engineer's Report of Formula and Methodology of Assessments" (Engineer's Report), on file at the City Clerk's Office, shall form the basis of the Annual Report.

I. PROPOSED CHANGES

For Fiscal Year 2011, there are no changes to the boundaries or benefit zones. There are changes in the classifications and rates for levying the assessments of the Parking Business Improvement Area as established in the "Amendment To" and the "Engineers Report." These changes are explained in the Rates Section of this report.

II. IMPROVEMENTS AND ACTIVITIES

A parking rate, designed to promote short-term customer/client parking, including 75 minutes of free parking, is currently in effect in all City-operated Downtown Parking facilities. These facilities are maintained and operated by the City's Downtown Parking Program.

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III. ESTIMATED OPERATING COSTS OF THE CITY'S DOWNTOWN PARKING PROGRAM FOR FISCAL YEAR 2011

Expenses	PBIA	Parking Program	Total
Salaries and Benefits	\$1,760,273	\$2,189,216	\$3,949,489
Materials, Supplies & Services	\$230,000	\$600,750	\$830,750
Allocated Costs		\$204,513	\$204,513
Insurance/Overhead		\$767,261	\$767,261
General Fund Transfer		\$312,621	\$312,621
Equipment/Capital		\$25,000	\$25,000
Appropriated Reserves		\$50,000	\$50,000
Alternative Transportation Program		\$483,978	\$483,978
Bikestation		\$25,000	\$25,000
New Beginnings Contract		\$39,150	\$39,150
Total Operating Expenses	\$1,990,273	\$4,697,489	\$6,687,762
Capital Program Expenses		\$660,000	\$660,000
Total Expenses		<u>\$5,357,489</u>	<u>\$7,347,762</u>

IV. PBIA RATES

A more detailed basis for levying the assessment is explained in the Amendment to the Engineer's Report.

I. Retail and/or Wholesale Businesses (Including Restaurants):

Group A: Average sale of less than \$20, \$.56 per \$100 of gross sales.

Group B: Average sale between \$20 and \$100, \$.29 per \$100 of gross sales.

Group C: Average sale of more than \$100, \$.16 per \$100 of gross sales.

Group D: Movie theaters only, \$.29 per \$100 of gross sales.

Group E: Fitness Facilities/Health Clubs, \$.29 per \$100 of gross sales.

Average sale is computed by dividing the total gross sales for the year by the number of sales transactions.

II. Financial Institutions:

\$.48* per square foot of usable space annually.

III. Stock and Bond Brokerage Offices:

\$81.30* per broker.

IV. Bus Depots:

\$.06* cents per square-foot of usable building space.

V. Professional:

\$32.50* per person practicing the profession, and \$16.30 for each non-professional.

VI. All Categories Not Otherwise Provided For:

Group A: \$0.19* cents per square-foot of usable building space.

Group B: Educational Facilities (non-public) \$.19* per square foot of usable building space.

VII. Hotel and Motels

of assessed rooms x \$1.50/day x 30 days x 3 months x .50 occupancy = quarterly charges

Assessed rooms = # of rooms (–) on-site parking spaces provided

No patron parking credit would be offered as it is part of the calculation.

*Rates for these categories are shown for annual assessment. To determine quarterly payments, divide rates by four.

V. REVENUE CARRYOVERS

No excess PBIA revenues will be carried over from 2010 to the 2011 Operating Budget.

VI. PROJECTED DOWNTOWN PARKING PROGRAM REVENUES DERIVED

Revenues:	Hourly Parking.....	\$4,300,000
	Other Parking Fees	\$695,000
	Lobero Garage	\$246,000
	Interest Income.....	\$154,700
	Commuter Parking Lot.....	\$300,000
	TMP/Rents.....	\$78,740
	Downtown Security Support/New Beginnings Contract....	\$59,150
	Miscellaneous/Special.....	\$11,500
	Subtotal	\$5,845,090
	*PBIA ASSESSMENT (Anticipated – Fiscal Year 2011 collections)	<u>\$840,000</u>
	Total Revenues	\$6,685,090

Revenues collected from the PBIA subsidized approximately \$0.20 of the cost of providing parking for each vehicle parked within the Downtown Parking System.

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